

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING  
(PROPOSAL NINE)

Docket No. RM2015-18

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**  
(September 21, 2015)

The United States Postal Service hereby provides its response to Question 1 of Chairman's Information Request No. 2, issued September 14, 2015. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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## **RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 2**

1. In Response to CHIR No. 1, the Postal Service stated “[w]hile the piece distribution costs will be different, the bundle costs will not be different....”<sup>1</sup> Please confirm that the Postal Service’s proposed methodology has accounted for the piece distribution costs of the residual mail on 5-Digit pallets sorted in 5-Digit bundles rather than Carrier Route bundles (calculated by the Postal Service to be 0.5 percent for FY 2014). If confirmed, please identify the specific worksheet and cell locations of the calculation of the piece distribution costs of residual 5-Digit bundles on 5-Digit pallets. If not confirmed, please explain the Postal Service’s rationale for not accounting for the costs of piece distribution at the Destination Delivery Unit of residual 5-Digit bundles on 5-Digit pallets.

### **RESPONSE:**

The Commission’s accepted methodology for piece distribution has never explicitly modeled the piece distribution costs by container type, container level, and bundle level. Rather, the Commission’s accepted methodology models the aggregate, across container type and container level, using characteristics of pieces by bundle level. Because piece costs are estimated this way, the relevant measure of this mail is its proportion of 5-Digit pieces, rather than the proportion of mail by container type and level. The 5-Digit pieces entered on 5-Digit pallets represent 0.2 percent of pieces in 5-Digit bundles.

Residual pieces on 5-Digit pallets incur manual IS distribution at the Destination Delivery Unit. The estimated proportion of pieces from 5-Digit bundles worked manually is presented in workbook PER-OC\_Order 2472-7.xls, worksheet “COVERAGE FACTORS”, cell E98, filed as an attachment to Proposal Nine on August 5, 2015. This estimate is derived using MODS measures of mechanized IS TPH, RPW volumes of

mail requiring Incoming Secondary (IS) sortation, measured bundle breakage rates, and IOCS measures of letters worked on mechanized flats equipment. The set of mail included in this measure encompasses all mail that requires manual IS sortation, including mail rejected from mechanized IS operations, mail destinating in manual IS zones, as well as residual 5-Digit mail on 5-Digit pallets.

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<sup>1</sup> Response of the United Postal Service to Question 1 of Chairman's Information Request No. 1, August 27, 2015, question 1c (Response to CHIR No. 1).